



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



FEBRUARY 26, 2002

DM&E Announces Plans to Purchase I&M Rail Link. On February 21, the Iowa, Chicago, and Eastern Railroad Corporation (ICE), a new corporation formed by the Dakota, Minnesota, and Eastern Railroad (DM&E), announced an agreement to purchase the I&M Rail Link. Although ICE and DM&E will have common management and coordinate operations, they will remain separate entities. The proposed transaction is scheduled to close in mid-year, pending financing and approval by the Surface Transportation Board. The transaction is supported by the presidents of the Farm Bureau and Farmers Union in South Dakota and Minnesota.

The resulting railroad network will significantly reshape the competitive dynamics for grain shipped by the two railroads as it will provide DM&E access to important grain processors in Iowa and farther east. Although DM&E and the I&M Rail Link connect at Owatonna, MN, they are prevented from interchanging traffic to serve area agricultural markets by a series of agreements with connecting major railroads, which will become moot after the purchase. With the acquisition, DM&E will have over 30 interchange points with every major railroad in the United States and many additional regional and short-line railroads. Before the acquisition, DM&E could interchange with only three railroads. DM&E shippers will also gain direct access to the major rail gateways of Chicago, IL; Minneapolis-St. Paul, MN; and Kansas City, MO.

DM&E currently operates 1,100 miles of track (mainly in South Dakota and Minnesota), and I&M operates 1,700 miles of track (connecting Chicago, IL, and St. Paul, MN, with Kansas City, MO). Based on year 2000 information, the combined railroads would haul approximately 75,000 carloads of farm products and 37,000 carloads of food and kindred products. (USDA-Transportation Services Program- Marvin Prater, Marvin.Prater@usda.gov)

PNW Ethanol Plant Proposed. According to a recent report from Agweb.com, plans are being announced for construction of the largest ethanol manufacturing facility in the Pacific Northwest on the Columbia River about 50 miles north of Portland, OR, at the Longview, WA, port facility. The \$150 million project is being spearheaded by Nordic Biofuels, one of several companies under Michigan-based Nordic Energy LLC, founded to develop, construct, and operate independent power generation facilities. Plans are to produce 84 million gallons of ethanol a year for use primarily as a reformulated gasoline additive to reduce vehicle pollution. "Ethanol is a very environmentally strategic fuel right now," said John Baardson, chief executive officer of Nordic Biofuels, the company behind the Longview project. "It also helps reduce our dependence on foreign oil."

Nordic hopes to begin construction of its plant at the Port of Longview this spring and open it early next year. While long-range plans call for a possible doubling of capacity, the initial plant would be large enough to meet 25 percent of the Northwest's ethanol needs, based on market research. The plant would consume 30 million bushels of corn per year, according to Nordic figures, more than all of the corn harvested in Washington and Oregon combined. According to Agweb, construction of the new plant is seen by some industry analysts as a means of competing with the ethanol production of the high corn-yielding areas of the Central States. Both regions hope to increase their market share in meeting California's future ethanol needs.

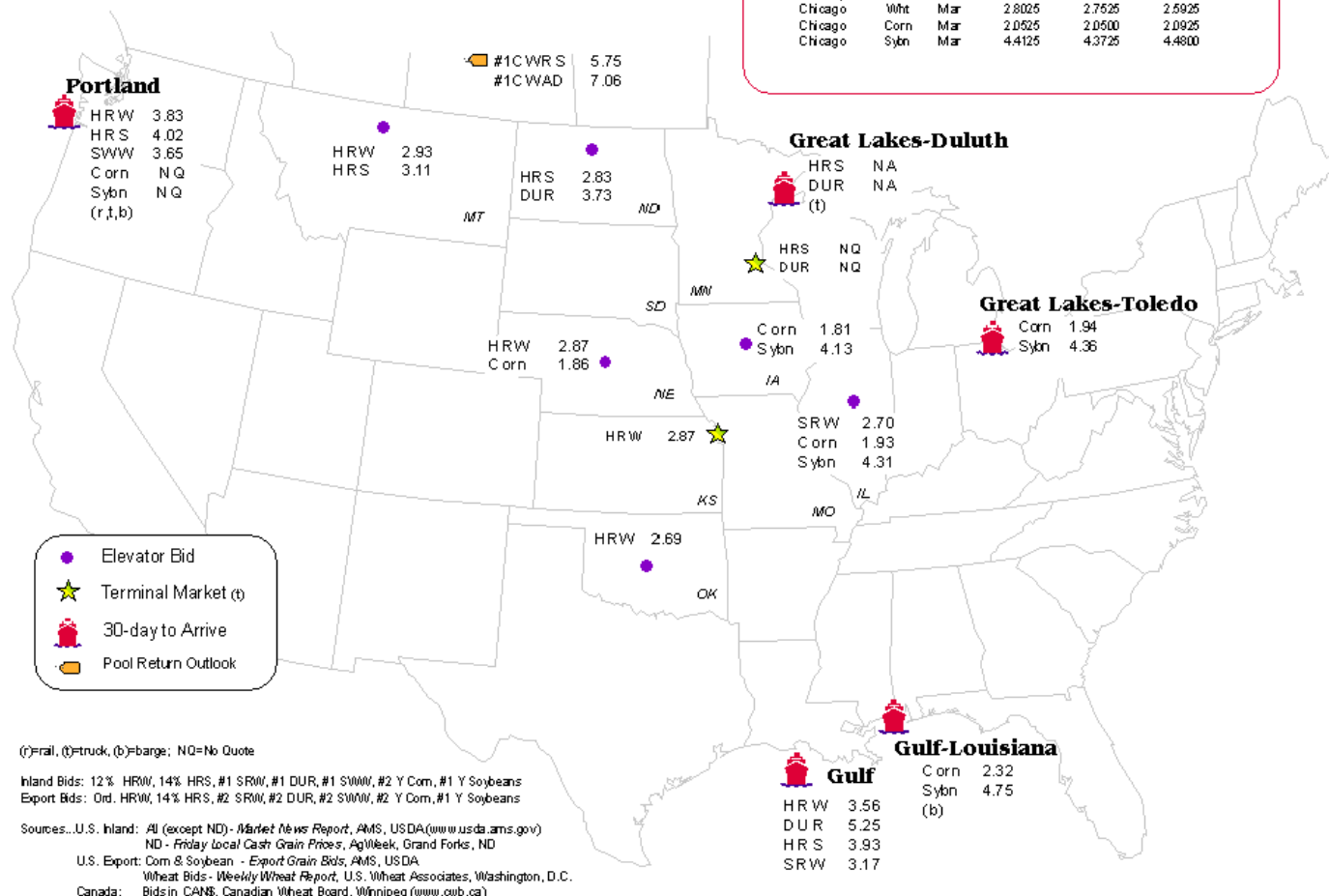
Construction of the facility is part of a nationwide move to expand ethanol production. Nordic Biofuels will open its first ethanol plant in British Columbia, Canada, this summer and has plans for constructing a plant in Ohio, with a scheduled opening in 2003. (Agweb.com, www.farmjournal.com/news, 2/27, www.nordicelectric.com/corporate.html, 2/27)

St. Lawrence Seaway Due To Open. The Great Lakes/St. Lawrence Seaway System has announced its opening for the 2002 navigation season. The scheduled opening date for both the Montreal/Lake Ontario section and the Welland Canal will be March 26 at 8 a.m., Eastern Standard Time. Vessel transits will be subject to weather and ice conditions. Navigation may be restricted to daylight hours in some areas until lighted navigation aids have been installed.

The Seaway entities also announce that, for the 2002 navigation season, the clearance date for the Montreal/Lake Ontario section has been designated as 12 midnight on December 20. The "clearance date" is the date by which vessels must report at the applicable calling-in point, referred to in subsection 97(3), Part X, of the Seaway Handbook, for the final transit of the Montreal/ Lake Ontario section of the Seaway. The closing date will be no later than December 24, provided that weather and ice conditions permit. United States Soo Locks for the Sault St. Marie Locks and Canals will open March 25. (www.greatlakes-seaway.com/en/navigation/notice20020215.html, 2/20/02)

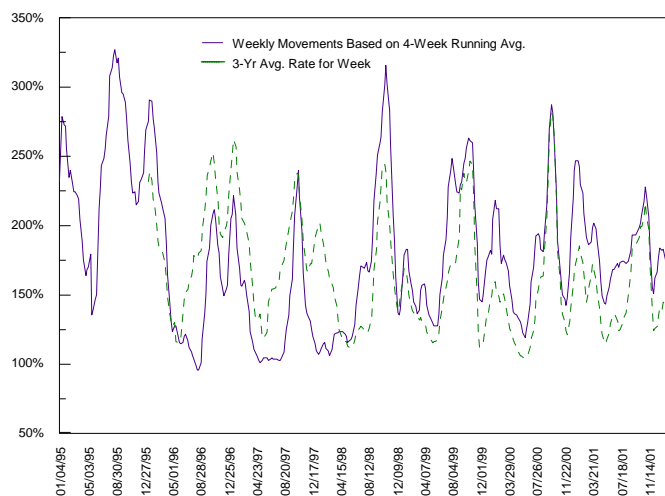
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Grain Bid Summary

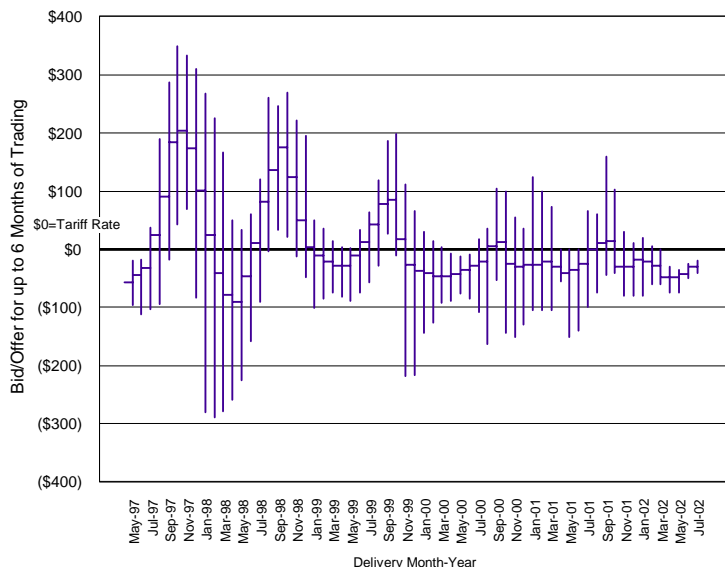


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Apr-02		May-02	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,966	7%	12,735	6%
UP-GCAS	5,400	10%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Mar-02	Apr-02	May-02	Jun-02
BNSF-GF	\$(8)	\$(36)	\$(36)	\$(22)
UP-Pool	\$(11)	\$(40)	\$(61)	\$(51)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.; GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Apr-02	May-02	Jun-02
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
02/25/02	St. Louis	Mar	128	125
		May	136	130
		Jul	0	138
		Sept	0	185
		Nov	0	0
	Illinois River	Mar	170	150
		May	0	143
		Jul	0	160
		Sept	0	205
		Nov	0	0

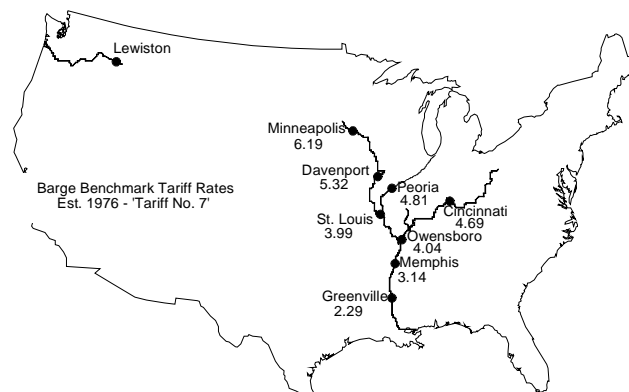
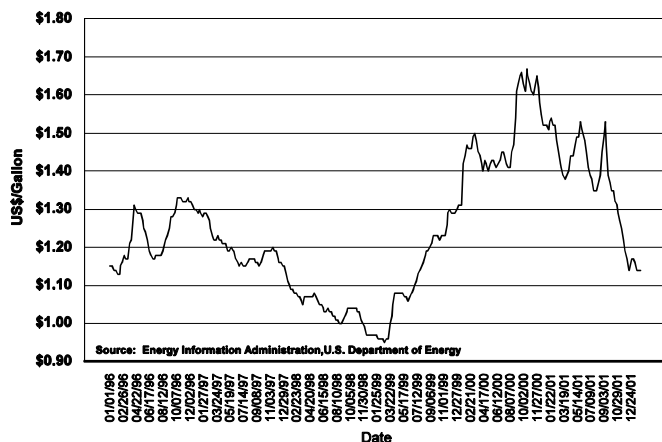
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	2/20/02	2/13/02	Mar '02	May '02
Twin Cities	0	0	199	188
Mid-Mississippi	0	0	161	157
Illinois River	146	145	153	148
St. Louis	121	123	125	124
Lower Ohio	123	124	127	129
Cairo-Memphis	114	114	119	119

Source: Transportation & Marketing /AMS/USDA
nq=no quote;

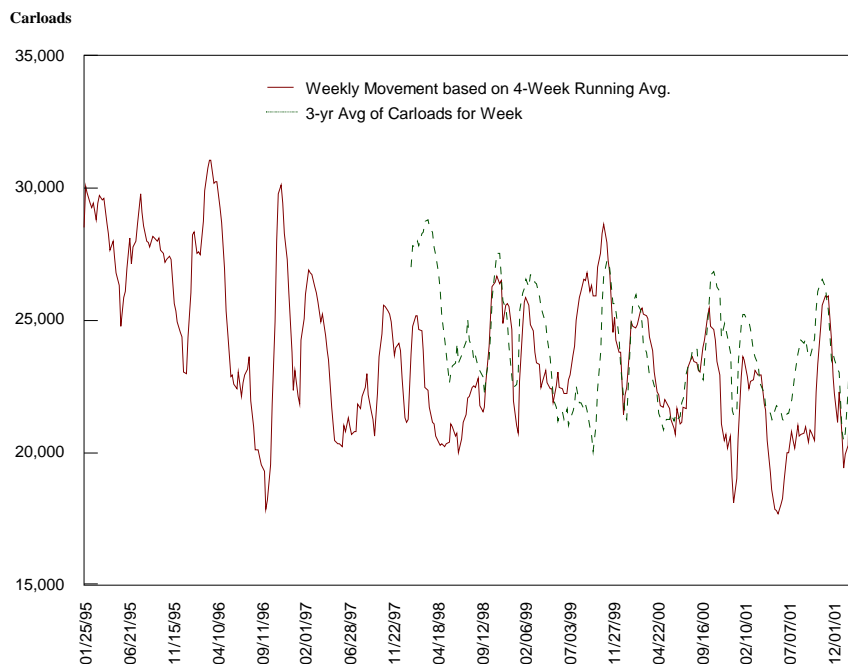
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
2/2/02	23,438
2/9/02	23,065
2/16/02	24,395
Year to Date - 2002	161,099
Year to Date - 2001	181,101
Total 2001	1,117,601
Total 2000	1,188,917

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
02/16/02	0	2,846	0	3,733	10,146	671	6,999	3,648	3,856
This Week Last Year	0	3,168	0	3,025	9,400	584	6,311	5,136	5,033
2002 YTD	0	22,151	0	22,311	60,630	5,015	46,837	28,491	26,706
2001 YTD	0	23,694	0	22,711	62,879	3,438	45,663	33,812	35,148
2001 Total	0	151,864	0	163,018	428,603	26,330	347,156	254,982	232,461
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

February 2002

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
02/04/02	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
02/04/02	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
02/04/02	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
02/04/02	43586	Wheat	Kansas City, MO	Portland, OR	\$4,347	\$47.92	\$1.30
02/04/02	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
02/04/02	31040	Corn	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
02/04/02	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
02/04/02	31040	Corn	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
02/04/02	61180	Soybean	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
02/04/02	61180	Soybean	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

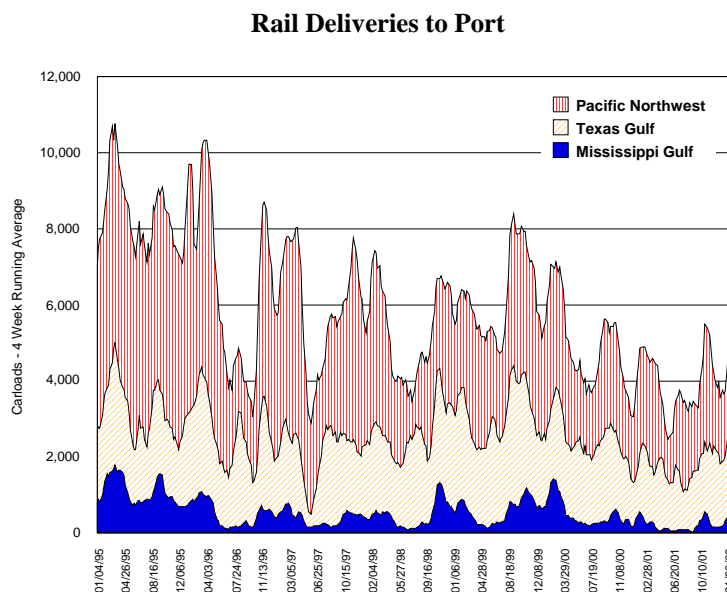
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port**Carloads**

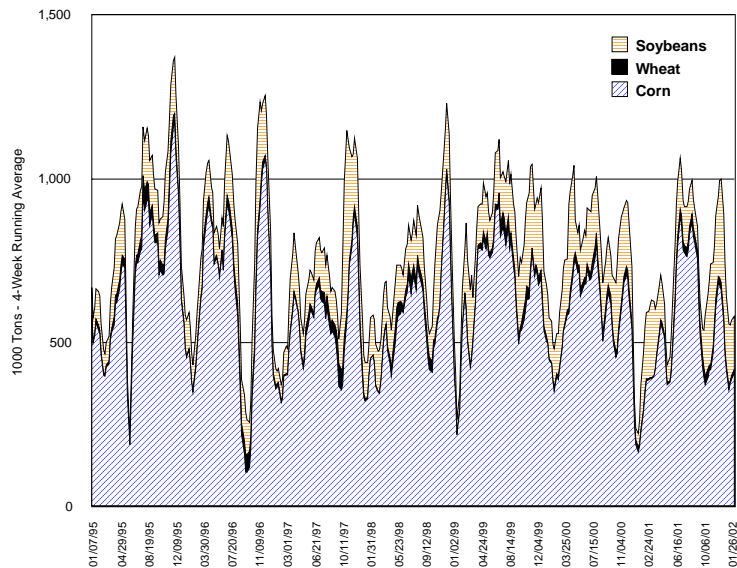
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
01/16/02	402*	1,787	1,472	1,307
01/23/02	382*	1,578	2,110	965
01/30/02	673*	2,764	2,495	873
02/06/02	287*	753*	3,484	663
02/13/02	640*	1,311*	4,316	497
02/20/02	664*	1,045*	2,523	603
YTD 2002	3,243*	11,527*	18,429	5,874
YTD 2001	2,862	10,661	16,613	5,920
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA



(*) Incomplete Data

(**) Revised Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 2/16/02

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	468	3	144	628
Granite City, IL (L27)	470	3	142	629
Illinois River (L8)	385	3	136	538
Ohio (L52)	186	13	87	366
Arkansas (L1)	0	6	22	28
2002 YTD	3,863	215	1,811	6,238
2001 YTD	3,069	255	1,470	5,136
Total 2001	31,878	2,679	10,616	47,091
Total 2000	33,482	2,518	10,327	48,247

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers; L15 & L25 closed for winter.

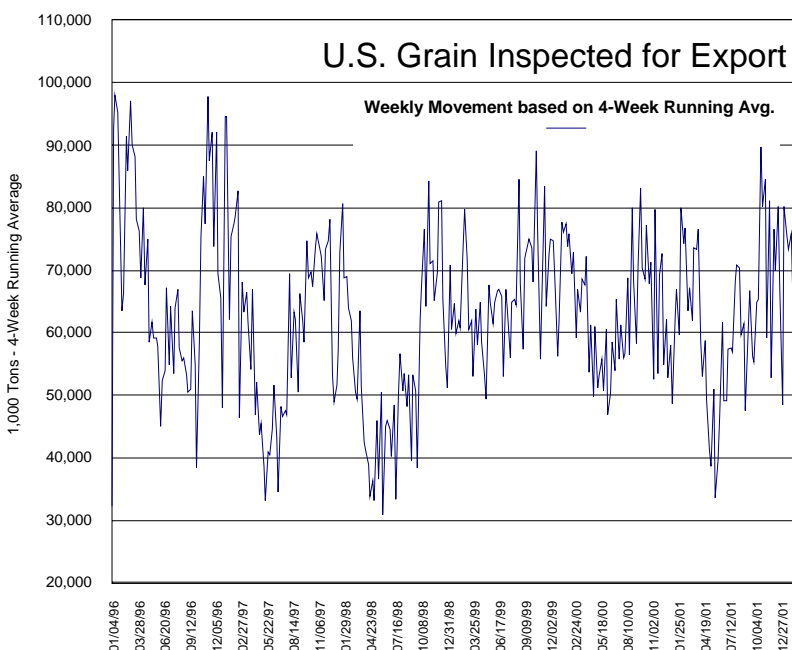
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
02/14/02	1,385	756	942	553	170	3,806	8,772	5,393	17,971
This Week Year Ago	1,260	482	870	902	163	3,677	7,576	6,260	17,513
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	6,053	3,982	3,998	2,357	887	17,277	19,260	19,090	55,627
99/00 YTD	6,815	3,285	4,048	3,595	842	18,585	20,817	17,713	57,115
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

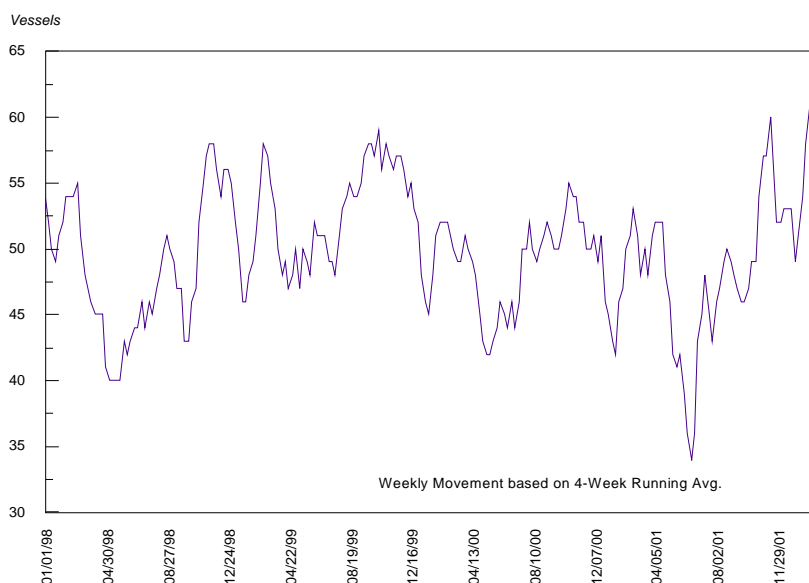
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
02/21/02	138	60	197	147	754	820	146	4	61
2001 YTD	1,385	628	448	528	3,855	4,365	705	2	529
2000 YTD	1,473	580	436	617	3,728	2,818	657	52	190
% of Last Year	14%	10%	26%	8%	11%	24%	10%	0%	52%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 02/21/02			
Vancouver	3,886	222	323
Prince Rupert	582	0	0
Prairie Direct	843	282	166
Thunder Bay	294	191	45
St. Lawrence	1,670	1,072	0
2001 YTD Exports	7,275	1,767	534
2000 YTD Exports	6,959	1,841	993
% of Last Year	105%	96%	54%

Source: Canadian Grains Commission, Crop year 8/1-7/31



**Gulf Region
Vessels Loaded
- Past 7 Days-**

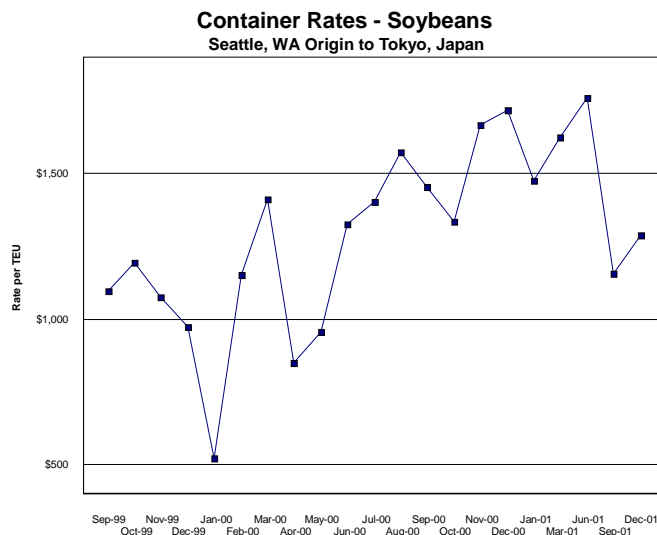
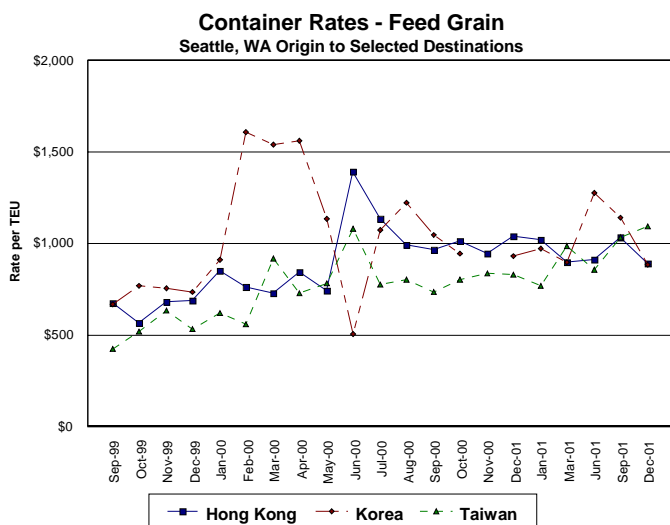
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
02/14/02	48	60	74	13	5		8	4	4
02/21/02	57	65	72	8	3		10	8	5
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

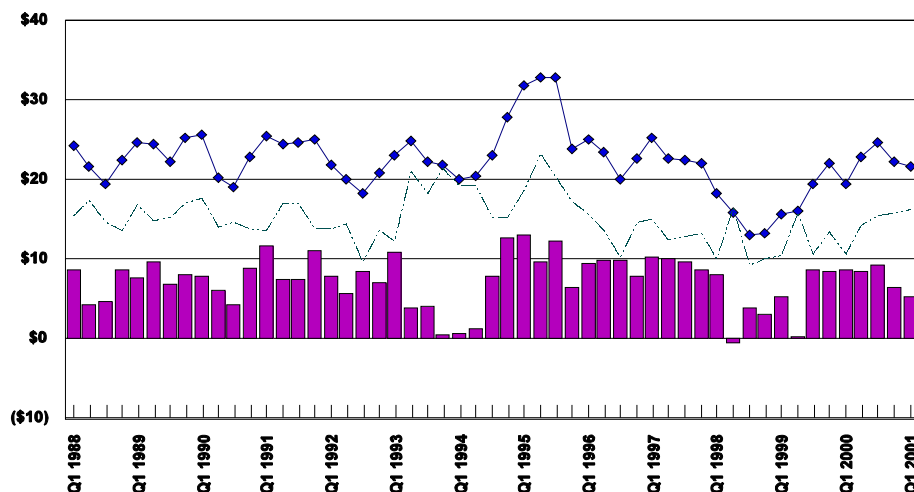
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

◆ Rate - Gulf to Japan
 --- Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 4 th Qtr	2000 4 th Qtr	% Change		2001 4 th Qtr	2000 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$16.25	\$22.38	-27%	Japan	\$9.64	\$15.87	-39%
Mexico		\$13.39	-	Red Sea/ Arabian Sea		\$26.70	-
Venezuela		\$13.29	-	Argentina to			
N. Europe	\$11.73	\$14.96	-22%	Med. Sea	\$17.47		-
N. Africa	\$16.98	\$22.26	-24%	N. Europe	\$16.22	\$18.97	-14%
Med. Sea	\$10.58	\$15.19	-30%	Japan	\$26.33		-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 2/16/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Portugal	Heavy Grain	Feb 13/15	54,000	\$8.00
Gulf	Japan	Heavy Grain	Mar 1/10	54,000	\$17.25
Paranagua	Spain	Heavy Grain	Feb 15/25	57,000	\$9.50
Brazil	N. Europe	Grains	Feb 16/20	25,000	\$14.50
So. Brazil	Spain	Grains	Feb 18/20	22,500	\$13.95
River Plate	Cyprus	Corn	Feb 16/Mar 1	25,000	\$18.50
Germany	Algeria	Wheat	Feb 26/Mar 1	20,000	\$12.75
Ukraine	Spain	Heavy Grain	Feb 11/15	64,583	\$6.75

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option